

## **REPORT TO COUNCIL: 31 MARCH 2021**

### **DRAFT 2021/2026 INTEGRATED DEVELOPMENT PLAN, 2021/2022 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)**

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#### **1. PURPOSE**

The purpose of this report is for Council to adopt the Draft 2021/2026 Integrated Development Plan (IDP), 2021/2022 Medium-Term Revenue and Expenditure Framework (MTREF) and Built Environment Performance Plan (BEPP).

#### **2. AUTHORITY**

Buffalo City Metropolitan Council.

#### **3. LEGAL / STATUTORY REQUIREMENTS**

- 3.1. The Constitution of the Republic of South Africa, Act 108 of 1996
- 3.2. The Municipal Systems Act no. 32 of 2000, as amended and Regulations;
- 3.3. The Municipal Structures Act no. 117 of 1998;
- 3.4. The Municipal Finance Management Act no. 56 of 2003; and its Regulations,
- 3.5. MFMA Circular 107 and 108
- 3.6. The Disaster Management Act no. 57 of 2002 and Regulations

#### **4. BACKGROUND**

##### **4.1 Integrated Development Plan (IDP)**

Council adopted an IDP/Budget/Performance Management System (PMS) Process Plan, in compliance with section 28 of the Municipal Systems Act no. 32 of 2000 as amended. In the time schedule required in accordance with

s21(1)(b) of the MFMA, the Budget, IDP and Performance Management processes have been integrated with the IDP Process to ensure alignment, efficiency, effective and cost savings. The plan outlines the process to be followed in reviewing Buffalo City Municipality Metro’s Integrated Development Plan (IDP) and Budget Preparation.

In terms of section 30(c) of the Municipal Systems Act, the Executive Mayor of a municipality must submit the Integrated Development Plan to the municipal council for adoption.

In compliance with the above, Buffalo City Metropolitan Municipality has embarked on a process to develop its IDP and Budget towards the 2021/2022 financial year and beyond in accordance with the requirements set out in the Municipal Systems Act 32 of 2000 as amended, the Local Government: Municipal Planning and Performance Management Regulations 2001 & 2006 and the Municipal Finance Management Act 56 of 2003.

In compliance with the above provisions, the Buffalo City Metropolitan Municipality’s 2021/2026 IDP has been prepared and is submitted to Council for adoption, kindly refer to table 1 below for the structure of the IDP. The 2021/2026 Buffalo City Metropolitan Municipality Integrated Development Plan is attached as **Annexure A**.

**Table 1: Structure of 2021/2026 Integrated Development Plan**

<b>SECTION A</b>	<b>INTRODUCTION</b> The introduction section provides an outline of the legislative imperatives which guide the drafting of the integrated development plan. An overview of national and provincial plans which were taken into consideration during the development of the plan. It also outlines the process that was followed in the drafting of the IDP.
<b>SECTION B</b>	<b>BCMM PROFILE AND ANALYSIS</b> This section provides an overview of the municipality focusing on the current situation, key challenges and opportunities in terms of each key

	<p>performance area. Service delivery backlogs and level of access to municipal services is also outlined. This section also depicts the metro's first attempt at presenting a cohesive footprint of the whole of government's investment into the development of the metro, as guided by the Cabinet approved District/Metro Development Model initiated during 2019.</p>
<b>SECTION C</b>	<p><b>SPATIAL DEVELOPMENT FRAMEWORK</b></p> <p>This section details BCMM's current reality and a vision for spatial development as amended and adopted by Council in December 2020. It also outlines spatial development objectives and strategies as well as special development areas.</p>
<b>SECTION D</b>	<p><b>DEVELOPMENT OBJECTIVES, STRATEGIES, INDICATORS AND TARGETS</b></p> <p>The section contains Council's development objectives, strategies, indicators and targets for the entire term of Council.</p>
<b>SECTION E</b>	<p><b>BUDGET, PROGRAMMES AND PROJECTS</b></p> <p>This section details the capital budget which is aligned to IDP Objectives as well as programmes and projects.</p>
<b>SECTION F</b>	<p><b>FINANCIAL PLAN</b></p> <p>This section reflects a strategic framework for financial management, key financial policies and strategies are outlined in this section.</p>
<b>SECTION G</b>	<p><b>BCMM OPERATIONAL PLAN</b></p> <p>This section outlines the structure of the municipality providing a breakdown for each directorate.</p>

#### **4.2 Medium Term Revenue and Expenditure Framework (MTREF) Budget**

Section 16(1) of the Municipal Finance Management Act (MFMA) stipulates that the Council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 16(2) stipulates that in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting 90 days before the start of the budget year.

Section 22 of the MFMA states that immediately after an annual budget is tabled in a municipal council, the accounting officer must make public the annual budget and documents in terms of Section 17; invite the local community to submit representations in connection with the budget; and submit the annual budget to the National Treasury and the relevant Provincial Treasury in printed and electronic formats.

In terms of section 23(2) of the MFMA, after considering all the budget submissions, the Council must give the Executive Mayor an opportunity:

- (a) To respond to the submissions; and
- (b) If necessary, to revise the budget and table amendments for consideration by the council.

The Draft Operating and Capital Budget is tabled to facilitate community participation and to receive inputs from all stakeholders and will be revised to take into account the outcome of the public consultation process before approval.

## **5. EXPOSITION OF FACTS**

### **5.1 INTEGRATED DEVELOPMENT PLAN (IDP)**

#### **5.1.1 PROCESS UNDERTAKEN**

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan. In compliance with this requirement Buffalo City Metropolitan Municipality undertook the following activities (table 2 below) in line with the IDP process towards 2021/2022 financial year:

**Table 2: IDP Process Undertaken**

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
<b>PREPARATION PHASE</b>		
1	Mayoral Committee: <ul style="list-style-type: none"> <li>• To consider and recommend that IDP/Budget/PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year)</li> </ul>	04/08/2020
2	Top Management: <ul style="list-style-type: none"> <li>• To consider 2020/2021 First Adjustment Budget &amp; the 2019/2020 Fourth Adjustment Budget and recommend being approved by Council</li> </ul>	07/08/2020
3	Council: To approve - <ul style="list-style-type: none"> <li>• IDP/Budget/PMS Process Plan and Time Schedule (at least 10 months before the start of the budget year).</li> <li>• The 2020/2021 First Adjustment Budget (to be tabled before 25 August 2020) and the 2019/2020 Fourth Adjustment Budget.</li> </ul>	28/08/2020 - 04/09/2020
<b>PHASE 1: SITUATIONAL ANALYSIS</b>		
4	BCMM Technical IGR Core Team: To deliberate on the process of rolling out the District/Metro Development Model at BCMM and align it with the IDP/Budget/PMS Process Plan	14/10/2020
5	IDP/Budget/PMS Workstreams: <ul style="list-style-type: none"> <li>• To prepare draft Situational Analysis Reports for Top Management Technical Planning Session (Environmental Profile, Population Trends and Profile, Social Development Profile, Governance and Finance Development Profile, Infrastructure Development Profile, Key Development Trends, Spatial Development Profile)</li> </ul>	15, 16 & 21/10/2020

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> <li>To assess and identify information from adopted Sector Plans against the backdrop of the SITUATIONAL ANALYSIS, including the LSDFs for integration into the IDP document if possible</li> </ul>	
6	<p>Top Management Technical Planning Session:</p> <ul style="list-style-type: none"> <li>To reflect on progress made with implementation of strategic priorities during preceding financial years</li> <li>To review SITUATIONAL ANALYSIS of the metro that inform priority choices (Environmental Profile, Population Trends and Profile, Social Development Profile, Governance and Finance Development Profile, Infrastructure Development Profile, Key Development Trends, Spatial Development Profile)</li> </ul>	30/10/2020
7	Ward Councillors, together with Ward Committees compile ward profiles and review current ward priorities	01/09/2020 - 31/01/2020
8	<p>IDP Technical Workstream:</p> <ul style="list-style-type: none"> <li>To assess and identify information from adopted Sector Plans against the backdrop of the SITUATIONAL ANALYSIS, including the LSDFs for integration into the IDP document if possible</li> </ul>	15/10/2020 - 16/10/2020
9	<p>Coastal Region Pre-Imbizo Session</p> <ul style="list-style-type: none"> <li>To prepare content for the Mayoral Imbizo</li> </ul>	06/10/2020
10	<p>Midland Region Pre-Imbizo Session</p> <ul style="list-style-type: none"> <li>To prepare content for the Mayoral Imbizo</li> </ul>	13/10/2020
11	<p>Inland Region Pre-Imbizo Session</p> <ul style="list-style-type: none"> <li>To prepare content for the Mayoral Imbizo</li> </ul>	13/10/2020
12	<p>Executive Mayoral Imbizo:</p> <ul style="list-style-type: none"> <li>To interact with ward communities to listen to needs and concerns; and provide feedback on approved programmes and projects for 2020/2021</li> </ul>	24, 25, 26/10/2020

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
<b>PHASE 2: STRATEGIES</b>		
13	Submission of priority requests in relation to Catalytic Programmes to provincial sector departments and State-owned Enterprises, including Built Environment Performance Plan (BEPP) requests.	15/10/2020
14	Annual Evaluation of BEPPs & City Plans	28/10/2020, 03/11/2020
15	PATT: Knowledge Products & Training #1; Longer Term Planning #2; C88 Transformation Indicators in relation to longer term planning	26/11/2020
16	Metro Long-term Planning Project: <ul style="list-style-type: none"> <li>• CSP assistance to the metro with long-term planning</li> </ul>	17/11/2020
17	Eastern Cape Joint Planning with NMB & BCMM: <ul style="list-style-type: none"> <li>• Joint planning between metros and their respective provincial governments facilitated by National Treasury</li> </ul>	06/10/2020
18	Mayoral Lekgotla Session: <ul style="list-style-type: none"> <li>• To review strategic objectives for service delivery and development</li> </ul>	12- 13/11/2020
19	Council Lekgotla: <ul style="list-style-type: none"> <li>• To reflect on desired key outcomes over the remainder of Council's 5-year term based on its deep understanding of current and emerging City trends and realities as consolidated during Mayoral Lekgotla</li> </ul>	19- 20/11/2020
20	Council Workshop: <ul style="list-style-type: none"> <li>• To review the current budget related policies and need for compiling new budget related policies</li> </ul>	13/11/2020
21	Budget Workshops with all directorates	23/11/2020- 03/12/2020
22	IDP/OPMS Portfolio Committee: <ul style="list-style-type: none"> <li>• To review and update the IDP Vision, Mission and Strategic Objectives for recommendation to Council</li> </ul>	20/01/2021

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
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**PHASE 3: PROGRAMMES AND PROJECTS (Identifying, prioritising, costing programmes and projects)**

23	<p>Council:</p> <ul style="list-style-type: none"> <li>To table and adopt the Statement of Financial Performance and the Implementation of the 2020/2021 budget for the second quarter &amp; Mid-year budget and Performance assessment report ended 31 December 2020</li> <li>To consider Municipal entity's proposed budget, priorities and objectives for 2021/2024 and proposed budget adjustments for 2021/2024</li> </ul>	27/01/2021
24	Ward IDP Sessions on progress made with Ward Priorities	04 and 11/03/2021
25	Work sessions to do costing of prioritised projects and programmes for CAPEX and OPEX 2021/2024 MTREF	01-08/03/2021
26	Work sessions to set service delivery key performance indicators and targets	22/02/2021 – 10/03/2021

**PHASE 4: INTEGRATION**

27	<p>BCMM Technical IGR Forum Workshop:</p> <ul style="list-style-type: none"> <li>To allow Provincial Sector Departments and State-owned Enterprises to inform BCMM of provincial budgetary allocations and catalytic programmes.</li> <li>To allow BCMM to present proposed catalytic programmes.</li> <li>To identify transversal gaps and challenges to implementation of catalytic programmes and agree on action plans to address these.</li> </ul>	25/02/2021
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**PHASE 5: ADOPTION**

28	<p>Top Management Technical Planning Session:</p> <ul style="list-style-type: none"> <li>To consider and recommend the draft 2021/2026 IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP</li> </ul>	04/03/2021
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NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
29	Budget Steering Committee: <ul style="list-style-type: none"> <li>• To consider the 2021/2026 draft IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP</li> </ul>	09/03/2021
30	Top Management Technical Planning Session <ul style="list-style-type: none"> <li>• To consolidate the setting of key performance indicators and targets in line with the Draft IDP and Budget</li> </ul>	16 - 17/03/2021
31	Councillors and Traditional Leaders' Workshop (11/03/2021) <ul style="list-style-type: none"> <li>• To deliberate on the 2021/2026 draft IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP</li> </ul>	24/03/2021
32	Council: <ul style="list-style-type: none"> <li>• To approve the 2021/2026 draft IDP, 2021/2024 MTREF Budget, Draft BEPP and draft policies (at least 90 days before the start of the budget year).</li> <li>• To approve the Draft 2019/2024 Spatial Development Framework of the metro as reviewed and aligned with the Draft 2021/2026 IDP.</li> <li>• To consider 2019/2020 Draft Annual Report before advertising it for public comment</li> <li>• To consider the proposed budget of the entity and assess the entity's (BCMDA) priorities and objectives and make recommendations. Board of Directors to consider the recommendations and, if necessary, submit a revised budget.</li> </ul>	31/03/2021

### 5.1.2 KEY INFORMANTS

Development of the 2021/2026 IDP was undertaken within the framework of national and provincial legislation and policy directives, which include most notably the National Development Plan, Medium-Term Strategic Framework (2019-2024), District/Metro Development Model, Draft Metro-

Specific IDP Guidelines, Guidelines for Transitioning out of BEPP and the South African Economic Reconstruction and Recovery Plan.

**Other factors that were taken into consideration include:**

a) Assessment Issues

- i. The comments on the last adopted IDP provided by the MEC for Local Government in accordance with Sections 31 and 32 of the Municipal Systems Act;
- ii. Findings contained in the National Treasury Benchmarking Report;
- iii. Findings contained in the Auditor-General's Report of the previous financial year/s; and
- iv. Shortcomings and weaknesses identified through self-assessment.

b) Review of the Strategic Elements of the IDP in terms of priorities of Council and the objectives of Management

- i. Review of the Strategic elements of the IDP and Metro Growth and Development Strategy (MGDS) if required; and integrating the strategic intent throughout the budget process, including mSCOA alignment, and finalizing of the Service Delivery and Budget Implementation Plan (SDBIP);
- ii. Review of elements of the Spatial Development Framework;
- iii. Update of Master Plans and Sector Plans; and
- iv. The update of the Financial Plan.

c) Inclusion of new information where necessary

- i. Consideration of the impact of Covid-19 Global Pandemic;
- ii. Update of the Socio-Economic Profile; and
- iii. Public Participation Input and revision of Ward Plans.

**5.1.2.1 BCMM priorities from the Executive Mayoral Lekgotla**

The Mayoral Lekgotla, followed by the Council Lekgotla held annually are critical instruments of the IDP Process and aids the Executive Mayor in his/her responsibility for the preparation and implementation of the IDP, Budget & Performance Management. In his/her executive capacity, the Executive Mayor has to:

- a) be responsible for the overall oversight, development and monitoring of the process or delegate IDP & PMS responsibilities to the City Manager;
- b) ensure that the budget, IDP & budget related policies are mutually consistent & credible;
- c) approve nominated persons that will be responsible for different roles and activities within the IDP/Budget process; and
- d) submit the IDP & the Annual Budget to the municipal Council for adoption.

These Mayoral Lekgotla Priorities, arranged in accordance with the BCMM Metro Growth and Development Strategy (MGDS) and Integrated Development Plan, are aligned with the National and Provincial Policy Directives through the Medium-Term Strategic Framework (MTSF) 2019/2024 and Provincial Development Plan (PDP) 2030 as follows:

**Table 3: Mayoral Lekgotla Priorities**

MTSF 2019/2024		PDP		BCMM Mayoral Lekgotla 2020
Priority 2: Economic Transformation and Job Creation		Goal 1: Innovative, inclusive and growing economy		MGDS Strategic Outcome 1: An innovative and productive city: <ul style="list-style-type: none"> <li>▪ Priority 1 - Complete Buffalo City Economic Recovery Plan with clear interventions for the automotive sector, agro-processing, the digital economy, the green economy, infrastructure and the property</li> </ul>

MTSF 2019/2024	PDP	BCMM Mayoral Lekgotla 2020
		<p>economy, revitalizing tourism (with an initial focus on domestic tourism) and the creative industries</p> <ul style="list-style-type: none"> <li>▪ Priority 2 - Continue to draw down relief measures for local business</li> <li>▪ Priority 3 - Institute a local economic recovery compact</li> <li>▪ Priority 4 - Expand inclusivity-enabling measures (automotive incubator with ELIDZ), digital skills hub (with Harambee), integration of township and village economies into value chains where Buffalo City is/could be competitive</li> <li>▪ Priority 5 - Expand public employment programmes as temporary measure until private employment picks up (using new social employment guidelines from Presidency and focusing on areas of social need such as food security)</li> <li>▪ Priority 6 - Continue with institutional reforms (SNDB, Investment Centre etc)</li> <li>▪ Priority 7 - Focus more on doing the basics better (clean city, maintenance of assets and municipal facilities – beaches, sports facilities etc)</li> <li>▪ Priority 8 - Infrastructure for economic competitiveness –</li> </ul>

MTSF 2019/2024	PDP	BCMM Mayoral Lekgotla 2020
<p>Priority 5: Spatial Integration, Human Settlements and Local Government</p>	<p>Goal 5: Environmental Sustainability</p>	<p>promote Buffalo City as a future export hub and a SMART City</p> <p>MGDS Strategic Outcome 2: A Green City:</p> <ul style="list-style-type: none"> <li>▪ Priority 1 - Finalize Thezi Langa IPP with due diligence and sensitivity testing to ensure improved electricity pricing deal for the city</li> <li>▪ Priority 2 - Reforms to reduce electricity losses (smart meters, electrification of informal settlements etc)</li> <li>▪ Priority 3 - Package Berlin Green Hub (with the ELIDZ) for implementation readiness and funding/investment</li> <li>▪ Priority 4 - Expand Green/Waste Public Employment Programmes, focusing on high visibility/trafficked routes in the city (number of initiatives packaged by BKCOB, BCMDA, Municipal Services but which require funding)</li> <li>▪ Priority 5 - Appointment of HODs and implementation of service delivery improvement plans Solid Waste (including recommendations of work study reports)</li> <li>▪ Priority 6 - Implementation of Good Green Deeds partnerships (circular waste economy) and improved reporting and visibility thereof</li> </ul>

MTSF 2019/2024	PDP	BCMM Mayoral Lekgotla 2020
		<ul style="list-style-type: none"> <li>▪ Priority 7 - New approach to BCMM facilities (sports facilities, beach infrastructure, possibly zoo) in light of poor management, vandalism, lack of adequate security, and declining budgets)</li> <li>▪ Priority 8 - Reforms around water conservation and demand management</li> <li>▪ Priority 9 - Preparation of water re-use project (linked to Reeston WWT)</li> </ul>
<p>Priority 5: Spatial Integration, Human Settlements and Local Government</p>	<p>Goal 2: An enabling infrastructure network</p>	<p>MGDS Strategic Outcome 3: A Connected City:</p> <ul style="list-style-type: none"> <li>▪ Priority 1 - Work closely with Provincial Government to engage Transnet on retention of manganese for Ngqura (which would allow export of Ford through East London Port, adding to the business case for expansion)</li> <li>▪ Priority 2 - Continue to engage national government on West Bank/kuGompo Logistics Hub, including shifting container terminal to West Bank</li> <li>▪ Priority 3 - Ensure Settlers Expansion Phase 1 completed</li> <li>▪ Priority 4 - Ensure CIDMS readiness to optimize future grant draw-down from NT</li> <li>▪ Priority 5 - Partner with World Bank on Smart City Strategy, and integrate</li> </ul>

MTSF 2019/2024	PDP	BCMM Mayoral Lekgotla 2020
		<p>Smart City approaches into city business processes (waste, facilities management, energy solutions, security, finance, asset management etc)</p> <ul style="list-style-type: none"> <li>▪ Priority 6 - Accelerate digital access (free Wi-Fi and digital skills hub)</li> </ul>
<p>Priority 5: Spatial Integration, Human Settlements and Local Government</p>	<p>Goal 2: An enabling infrastructure network</p>	<p>MGDS Strategic Outcome 4: A Spatially Transformed City:</p> <ul style="list-style-type: none"> <li>▪ Priority 1 - Finalization of SDF</li> <li>▪ Priority 2 - Long term financing strategy for each catalytic programme (institutionalizing BFI project portfolio for West Bank and MELD Corridor, and developing new project portfolios for other catalytic programmes)</li> <li>▪ Priority 3 - Project prioritization per catalytic programme</li> <li>▪ Priority 4 - West Bank/kuGompo Logistics Hub (land consolidation, expansion of ELIDZ footprint, transport corridor to Mdantsane/Wilsonia)</li> <li>▪ Priority 5 - New transport corridor development (N2-R72)</li> <li>▪ Priority 6 - New models for public-private partnerships (leveraging BCMM land) to build revenue base of city</li> <li>▪ Priority 7 - Land release for human settlement densification</li> </ul>

MTSF 2019/2024	PDP	BCMM Mayoral Lekgotla 2020
		<ul style="list-style-type: none"> <li>▪ Priority 8 - Duncan Village Redevelopment (including bulk enablers for new planned settlements)</li> </ul>
<p>Priority 1: A Capable, Ethical and Developmental State</p>	<p>Goal 6: Capable democratic institutions</p>	<p>MGDS Strategic Outcome 5: A Well governed City:</p> <ul style="list-style-type: none"> <li>▪ Priority 1 - Audit improvement (unqualified opinion)</li> <li>▪ Priority 2 - Strengthened accountability to improve control environment (PMDS)</li> <li>▪ Priority 3 - Efficiencies in revenue billing and collection (given that revenue is declining)</li> <li>▪ Priority 4 - Implement life-cycle asset management system (CIDMS)</li> <li>▪ Priority 5 - Hard cost containment measures</li> <li>▪ Priority 6 - Systems automation and integration (as part of Smart City Strategy)</li> <li>▪ Priority 7 - New macro-structure</li> <li>▪ Priority 8 - Shift to evidence-based planning and budgeting</li> <li>▪ Priority 9 - Institutionalization of the metro development model (one Buffalo City plan for all three spheres and entities)</li> <li>▪ Priority 10 - New stakeholder compact for economic recovery</li> </ul>



### 5.1.3 BCMM KEY ELEMENTS OF THE 2021/2026 IDP

#### 5.1.3.1 Proposed High-Level Changes

All processes undertaken above contributed to the IDP/Budget development process towards the 2021/2022 financial year. During the planning process BCMM's vision, mission and key strategic focus areas were revisited. Consequently, the vision, mission, values, strategic outcomes, strategic objectives encapsulated in the IDP and MGDS remain unchanged for this fifth generation Integrated Development Plan. Amendments to the Key Focus Area have, however, been made.

The Strategic Framework expressed in this IDP is the primary informant of the BCMM Five-Year Performance Scorecard, Multi-Year Budget, Annual Service Delivery and Budget Implementation Plan and Performance Agreements of Senior Managers. The setting of key performance indicators and targets against which the performance of the municipality and its senior management and leadership are measured derive its mandate from this IDP.

The introduction of Key Focus Areas (KFAs) formed part of the 2019/2020 IDP Review and is informed by the need to create more functional synchrony between the strategic imperatives captured in the IDP and the core competencies of the municipality. One of the benefits of the inclusion of KFAs in the IDP is that it improves accountability, since KFAs can be assigned to specific officials and be accentuated in their performance agreements to champion.

**Table 4: BCMM Strategic Framework**

Strategic Outcomes	Strategic Objectives	Key Focus Areas
STRATEGIC OUTCOME 1 (SO1): An	To enhance the Quality of Life of the BCMM community with rapid	KFA 1: Enterprise Development
		KFA 2: Trade and Investment Promotion
		KFA 3: Innovation and Knowledge Management

Strategic Outcomes	Strategic Objectives	Key Focus Areas
innovative and Productive City	and inclusive economic growth and falling unemployment	KFA 4: Tourism & Marketing
		KFA 5: Job Readiness & Training (External)
		KFA 6: Rural Development & Agrarian Reform
		KFA 7: Arts, Culture and Heritage Resource Management
		KFA 8: Sport Development (Programmes)
		KFA 9: Sport and Recreation Facilities
		KFA 10: Libraries and Halls
		KFA 11: Emergency and Disaster Management KFA 12: Traffic Management
STRATEGIC OUTCOME 2 (SO2): A green city	To promote an environmentally sustainable city with optimal benefits from our natural assets.	KFA 13: Environmental Management and Climate Change
		KFA 14: Air quality
		KFA 15: Parks and Open Spaces
		KFA 16: Vegetation Control and Biodiversity
		KFA 17: Municipal and Environmental Health
		KFA 18: Solid Waste Management
STRATEGIC OUTCOME 3 (SO3): A connected city	To maintain a world class logistics network.	KFA 19: Roads and Storm water Infrastructure
		KFA 20: ICT
		KFA 21: Transport Planning and Operations
		KFA 22: Energy Supply Efficiency
STRATEGIC OUTCOME 4 (SO4): A Spatially Transformed city	To develop and maintain world class infrastructure and utilities.	KFA 23: Water and waste water
		KFA 24: Spatial and Urban Planning
		KFA 25: Sustainable Human Settlements
		KFA 26: Built Environment Management
		KFA 27: Urban, Rural and Township Regeneration
		KFA 28: Property Management and Land Use
		KFA 29: Cemeteries and Crematoria
		KFA 30: Risk Management

Strategic Outcomes	Strategic Objectives	Key Focus Areas
STRATEGIC OUTCOME 5 (SO5): A well-governed city	Promote sound financial and administrative capabilities.	KFA 31: Stakeholder Participation & Customer Relations
		KFA 32: Intergovernmental Relations (IGR) and International Relations (IR)
		KFA 33: Communications (Internal and External)
		KFA 34: Corporate Marketing (Branding)
		KFA 35: Revenue Management
		KFA 36: Expenditure and Supply Chain Management
		KFA 37: Budget and Treasury
		KFA 38: Corporate Asset Management
		KFA 39: Internal Human Capital and Skills Development
		KFA 40: Gender, Elderly, Youth and Disabled (Vulnerable Groups)
		KFA 41: Performance Management and Monitoring and Evaluation
		KFA 42: Fleet Management
		KFA 43: Employee Performance Management
		KFA 44: Human Resources Management
KFA 45: Internal Audit		

### 5.1.3.2 IDP Recommendations

The Integrated Development Plan (IDP) is the overall strategic development plan for a municipality, prepared in terms of the Municipal System Act, Act 32 of 2000, that guide decision-making, budgeting and development in the municipality. The Spatial Development Framework presents the long-term vision of the desired spatial form of the municipality. The SDF is thus a critical component to the IDP to direct municipal and private sector spending and investment by providing spatial proposals and strategies (thus the location and nature of

development) which will support economic growth and integrated human settlements. The amended Spatial Development Framework was adopted by Council in December 2020.

#### **5.1.3.3 Community Consultation Process on the 2021/2026 IDP and MTREF Budget**

In developing its Integrated Development Plan, Buffalo City Metropolitan Municipality takes its tune from residents and the broader public of the Metro who participate in a number of public consultation processes and programmes such as the annual Mayoral Imbizo and IDP/Budget Roadshow. It is through these engagements that residents are able to define and shape their needs and priorities which must be taken into consideration during planning and budgeting. BCMM aims to address identified needs and priorities through the 2021/2026 Integrated Development Plan and Budget as revised annually.

The IDP process is an outcome of an intensive and detailed series of engagements with our communities through the following key participatory democracy instruments:

- a) Mayoral Imbizos (held during October 2020);
- b) IDP/Budget/PMS Workstreams where external stakeholders also participated in the deliberations (during October 2020);
- c) Ward Committee engagements and activities (held throughout the 2020/2021 financial year whenever possible within the regulatory restrictions in the Covid-19 Global Pandemic); and
- d) IDP Ward Priorities Sessions held with Ward Councillors from each of the three functional regions on the review of Ward Priorities in preparation for the new five-year IDP.

## **5.2 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET**

### **5.2.1 BUDGET PROCESS**

The 2021/2022 budget process commenced with a Mayoral Lekgotla session from 12 – 13 November 2020. The purpose of the session was to review strategic objectives for service delivery and development. A budget workshop with all directorates was held from 23 November – 03 December 2020, thereafter, the directorates and the municipal entity (BCMDA) were requested to prepare and submit budget requests for consideration.

A Top Management Technical Planning Session was held on 04 March 2021 to consolidate the setting of key performance indicators and targets in line with the Draft IDP and Budget. This session was followed by a Budget Steering Committee (BSC) meeting on 09 March 2021. The BSC was chaired by the Member of the Mayoral Committee (MMC) for Finance, assisted by the Chief Financial Officer, Budget & Treasury Management officials and IDP officials. The primary aim of the Budget Steering Committee meeting was to ensure:

- a) that the process followed to compile the budget complies with legislation,
- b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget;
- c) that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available.

### **5.2.2 NATIONAL TREASURY MFMA CIRCULARS**

National Treasury issued MFMA Circular No. 107 on 4 December 2020 and MFMA Circular No. 108 on 8 March 2021 to guide the compilation of the 2021/2022 MTREF. Some of the key issues highlighted by the circulars are as follows:

- a) In the build-up to the 2021 local government elections, the financial sustainability of the municipality should be protected.

- b) Electricity remains a binding constraint on economic recovery, with power interruptions expected to continue into 2021.
- c) The 2021 Medium-Term Expenditure Framework (MTEF) includes reductions in planned transfers to municipalities, these include reduction in equitable share and general fuel levy.
- d) The following economic challenges will continue to put pressure on municipal revenue generation and collection levels:
  - i. Expected economic growth is 3.3 per cent in 2021.
  - ii. Rising unemployment and income losses have entrenched existing inequalities.
  - iii. Although growth rates are likely to improve quickly as restrictions are removed, based on current projections, the output is only expected to return to pre-pandemic levels in 2024.
  - iv. The Consumer Price Index (CPI) inflation is estimated at 3.9% in 2021/2022, 4.2% in 2022/2023 and 4.4% in 2023/2024 financial years.
- e) The tariff increases by Eskom and Water Boards are above inflation and should be considered as such while determining cost-reflective tariffs.
- f) The Municipal Property Rates Act on the determination of categories of rateable properties has been revised. Municipalities must implement the new property categorisation framework by not later than 01 July 2021.
- g) Municipalities must budget and account for bulk water purchases as inventory as per GRAP 12.

### **5.2.3 BUDGET GUIDELINES AND PRINCIPLES**

The following budget principles and guidelines informed and provided the bases for the compilation of the 2021/2022 MTREF budget:

- a) The 2020/2021 mid-year adjustment budget and actual figures were used as the baseline for the 2021/2022 MTREF budget. Further, reassessment of activities was undertaken to determine if there have

been any changes of circumstance that have impact on the compilation of the budget.

- b) The service charge tariffs have been calculated taking into consideration the input costs of generating the services.
- c) The affordability of the service charges to the consumers was one of the guiding principles.
- d) Ability to maintain and renew existing assets whilst also addressing the backlogs was part of the consideration.
- e) The budget must be funded as per MFMA Circular 42.
- f) The following is applicable to projects and/ or programmes:
  - i. projects with existing contracts must be prioritised
  - ii. projects must be within affordability limits; should additional budget/ funding be available, other projects will be funded in terms of priority and benefit to the Metro
  - iii. no budget allocation to projects that are not in the IDP

#### **5.2.4 MTREF BUDGET (2021/2022 – 2023/2024)**

Section 17(1) of the MFMA requires that the annual budget of the municipality be in the prescribed format:

- Setting out realistically anticipated revenue for the budget year from each revenue source.
- Appropriating expenditure for the budget year under the different votes of the municipality.
- Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.
- Setting out the estimated revenue and expenditure by vote for the current year and actual revenue and expenditure by vote for the financial year preceding current year.

The following tabulated budget assumptions were used in the preparation of the MTREF budget, these are narrated beneath the table:

**Table 5: Budget Assumption**

DESCRIPTION	2020/2021	2021/2022	2022/2023	2023/2024
National Treasury Headline Inflation Forecasts	4,50%	3,90%	4,20%	4,40%
Salaries	6,25%	5,20%	5,20%	5,40%
Electricity Purchases	6,90%	14,59%	9,86%	9,86%
Water Purchases	8,28%	15,96%	8,28%	8,28%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R717,03	R782,26	R847,42	R920,79
Equitable Share Allocation	R 911 042 000	936 811 000	989 074 000	983 479 000
Bad Debt Provision	9,50%	14,00%	14,00%	12,50%
Property Rates	8,50%	8,00%	7,00%	8,00%
Refuse Tariff	9,20%	8,50%	8,50%	8,70%
Sanitation Tariff	9,20%	8,50%	8,50%	8,70%
Electricity Tariff	6,22%	14,59%	8,90%	8,90%
Water Tariff	9,20%	9,10%	9,10%	9,20%
Fire Levy	8,70%	8,00%	8,00%	8,50%
Sundry Income	8,70%	8,00%	8,00%	8,50%

- i. Property Rates increase are projected at 8% in 2021/2022, 7% in 2022/2023 and 8% in 2023/2024 financial year.
- ii. Refuse Removal and Sanitation Charges have been projected to increase by 8.5% in both 2021/2022 and 2022/2023 financial years and 8.7% in 2023/2024 financial year.
- iii. Water Service tariff increase is projected to increase by 9.1% in both 2021/2022 and 2022/2023 financial years and 9.2% in 2023/2024 financial year.
- iv. On Electricity, the tariff will increase by 14.59% in 2021/2022 financial year and 8.9% in the two outer years. The Electricity tariff applied is in line with the National Electricity Regulator of South Africa (NERSA) guideline.
- v. The Revenue Collection Rate of 86% has been projected.



- vi. The Repairs and Maintenance budget is currently 5.1% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure. The City's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing infrastructure programme as the City is using revaluation method to value its infrastructural assets.
- vii. Employee costs as a percentage of total operating cost is 30.5% over the MTREF. Though this rate is still within the norm of 25% to 40% as per MFMA Circular 71, it requires close monitoring to avoid an increasing trend.
- viii. The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2020 has come to an end and a new agreement is under consultation. A projected increase of 5.2% (CPI+1.3%) has been factored in the employee costs for the 2021/2022 financial year, for the two outer years an increase of CPI+1% has been projected.

## **6. CHALLENGES**

### **6.1 INTEGRATED DEVELOPMENT PLAN**

The following challenges and proposed solutions regarding the IDP Review have been identified:

#### Challenges

While radio broadcasts are reaching a notable number of listeners and responses have proven to be quite effective as a result, many of our residents prefer visual presentations where they are able to see the Executive Mayor and other Senior Members of Council. This opportunity is provided through social media platforms when virtual presentations are broadcasted live. However, many residents cannot afford the data costs associated with this option.

#### Proposed Responses

It is recommended that ICT explores options to provide citizens access to free connection to internet platforms when presentations are done to present the IDP and Budget.

## 6.2 MTREF BUDGET

Finding a balance between endless service delivery needs and setting affordable tariffs is always a challenge when compiling a budget and this challenge was also experienced in the compilation of the 2021/2022 MTREF. The following are the associated risks with achieving the 2021/2022 MTREF projections:

- i. Higher levels of unemployment are likely to increase levels of indebtedness and defaulting on payments as a result of COVID-19.
- ii. Increase in input costs to the provision of basic services could lead to trading services operating at a deficit.
- iii. Aging infrastructure is a risk that could disrupt the provision of services and cause unhappy consumer that might decide not to honour the municipal accounts.
- iv. Electricity and water losses that are above the norm.

## 7. STAFF IMPLICATIONS

None.

## 8. FINANCIAL IMPLICATIONS

The consolidated draft budget for the 2021/2022 MTREF period is R10 billion (2021/2022), R11.02 billion (2022/2023) and R11.46 billion (2023/2024) with the table below summarising the consolidated overview of the draft 2021/2022 MTREF Budget. A detailed budget report is attached as Annexure B:

**Table 6: Consolidated Overview of the Draft 2021/2022 MTREF Budget**

DESCRIPTION	2020/2021 ADJUSTED BUDGET	2021/2022 DRAFT BUDGET	INCREASE OR (DECREASE) %	2022/2023 DRAFT BUDGET	2023/2024 DRAFT BUDGET
Total Operating Revenue	7 725 507 557	8 275 532 933	7,12	8 882 394 829	9 478 845 917
Total Operating Expenditure	7 724 908 565	8 272 259 353	7,09	8 880 282 828	9 473 113 411
<b>Surplus/(Deficit) for the year</b>	<b>598 992</b>	<b>3 273 580</b>		<b>2 112 001</b>	<b>5 732 506</b>
Total Capital Expenditure	2 035 750 740	1 727 634 233	(15,14)	2 136 174 012	1 986 923 261
<b>Total Opex and Capex Budget</b>	<b>9 760 659 305</b>	<b>9 999 893 586</b>		<b>11 016 456 840</b>	<b>11 460 036 672</b>

## 9. OTHER PARTIES CONSULTED

- 9.1 Buffalo City Metropolitan Council
- 9.2 Mayoral Committee
- 9.3 Budget Steering Committee
- 9.4 IDP/PMS Portfolio Head
- 9.5 BCMM Top Management
- 9.6 BCMM Directorates
- 9.7 External Stakeholders

## 10. RECOMMENDATIONS

- 10.1. The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 34 of the Municipal Systems Act, 32 of 2000 **approves** and **adopts** the Draft 2021/2026 Integrated Development Plan (IDP) inclusive of the Spatial Development Framework (SDF) as required by S32 of the Municipal Systems Act.
- 10.2. The Council of Buffalo City Metropolitan Municipality **note** that, in embracing the intention of the District/Metro Development Model, which is for all three spheres of government to work off a common strategic alignment platform, Section B of the Draft IDP for 2021/2026 is a reflection of both the shared intergovernmental situational analysis of BCMM and Government's investment footprint in the Metro.
- 10.3. The Council of Buffalo City Metropolitan Municipality, acting in terms of Division of Revenue Act (DoRA), **approves** and **adopts** the Draft 2021/2022 Built Environment Performance Plan (BEPP)
- 10.4. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **approves** and **adopts**:

10.4.1 The Consolidated Draft Annual Budget of the municipality for the 2021/2022 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;
- viii. Asset management; and
- ix. Basic service delivery measurement.

10.4.2 The Draft Annual Budget of the parent municipality for the 2021/2022 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;

- viii. Asset management; and
- ix. Basic service delivery measurement.

10.4.3 The Draft Annual Budget of the municipal entity (BCMDA) for the 2021/2022 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue by source and expenditure by type); and
- ii. Budgeted Financial Position;
- iii. Budgeted Cash Flows;
- iv. Budgeted Capital by Asset Class and Funding

10.5. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **approves** and **adopts** tariffs effective from 1 July 2021:

10.5.1 Property rates – as set out in Annexure F

10.5.2 Electricity – as set out in Annexure F

10.5.3 Water – as set out in Annexure F

10.5.4 Sanitation services – as set out in Annexure F

10.5.5 Solid waste services – as set out in Annexure F

10.5.6 Other services as set out in Annexure F

11 To give proper effect to the Consolidated Draft Annual Budget, the Council of Buffalo City Metropolitan Municipality **approves**:

11.1 That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.

11.2 That an indigent consumer be given an average social subsidy package on his/her account as contained in table 15 of Annexure B.

11.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.

11.4 That free basic water be granted to a registered indigent of 6Kl per month.

- 12 The Buffalo City Metropolitan Municipality Council, **approves** and **adopts** the revised budget related policies:
- 12.1 Tariff Policy - as set out in Annexure G
  - 12.2 Property Rates Policy – as set out in Annexure H
  - 12.3 Supply Chain Management Policy – as set out in Annexure I
- 13 That Council **notes** the budget-related policies adopted in the previous financial years and where no amendments have been made after review, as listed in Section 2.4.1 of Annexure B and are available on BCMM’s website at [www.buffalocity.gov.za](http://www.buffalocity.gov.za) .
- 14 That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA7 be **approved**.
- 15 That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the Integrated Development Plan be **approved**.
- 16 Council **notes** that the Consolidated Draft 2021/2022 MTREF Budget tabled for adoption is structured in terms of the Buffalo City Metropolitan Municipality votes and functions.
- 17 MFMA Circular 107 and 108 for the Draft 2021/2022 MTREF attached as Annexure W be **noted** by Council.



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**X. PAKATI**  
**EXECUTIVE MAYOR**  
**BUFFALO CITY METROPOLITAN MUNICIPALITY**

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**DATE**

## **ANNEXURES:**

- A: Draft 2021/2026 Buffalo City Metropolitan Municipality Integrated Development Plan
- B: Draft 2021/2022 - 2023/2024 Buffalo City Metropolitan Municipality Medium-Term Revenue and Expenditure Framework Budget
- C.1. Draft 2021/2022 MTREF Capital Projects - Per Programme/Project
- C.2. Draft 2021/2022 MTREF Capital Projects – Detailed Schedule
- D.1. Draft 2021/2022 MTREF Operating Projects-Per Programme/Project
- D.2. Draft 2021/2022 MTREF Operating Projects – Detailed Schedule
- E: BCMM mSCOA Systems Implementation Status Report
- F: 2021/2022 Tariff Book
- G: Draft 2021/2022 Tariff Policy
- H: Draft 2021/2022 Property Rates Policy & Property Rates By-Law
- I: Draft 2021/2022 Supply Chain Management Policy
- J: 2021/2022 Immovable Asset Policy
- K: 2021/2022 Budget Virement Policy
- L: 2021/2022 Funding and Reserves Policy
- M: 2021/2022 Credit Control Policy
- N: 2021/2022 Indigent Support Policy
- O: 2021/2022 Long-Term Borrowing Policy
- P: 2021/2022 Movable Asset Policy
- Q: 2021/2022 Capital Infrastructure Investment Policy
- R: 2021/2022 Long-Term Financial Planning Policy
- S: 2021/2022 Budget Management and Oversight Policy
- T: 2021/2022 Investment & Cash Management Policy
- U: 2021/2022 Cost Containment Policy
- V: 2021/2022 Service Level Standards
- W: MFMA Circular 107 and 108
- X: Consolidated Draft 2021/2022 MTREF A-Schedules
- Y: Draft 2021/2022 MTREF A-Schedules (Parent)
- Z: Draft 2021/2022 MTREF D-Schedules (Municipal Entity: BCMDA)
- AA: Draft 2021/2022 Built Environmental Performance Plan